

CITY OF WILLIAMSBURG, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2016

# CITY OF WILLIAMSBURG, IOWA

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CITY OF WILLIAMSBURG, IOWA  
OFFICIALS  
June 30, 2016

(Before January, 2016)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Frank Murphy	Mayor	January, 2016
Adam Grier	Council Member	January, 2016
Don Kirkpatrick	Council Member	January, 2016
Dave Kubas	Council Member	January, 2016
Pat McGovern	Council Member	January, 2018
Martin Bunge	Council Member	January, 2018
Shelly Annis	Clerk/Treasurer	Appointed
Eric Tindal	Attorney	Appointed

(After January, 2016)

Frank Murphy	Mayor	January, 2018
Adam Grier	Council Member	January, 2020
Tyler Marshall	Council Member	January, 2020
Aaron Sandersfeld	Council Member	January, 2020
Pat McGovern	Council Member	January, 2018
Martin Bunge	Council Member	January, 2018
Shelly Annis	Clerk/Treasurer	Appointed
Eric Tindal	Attorney	Appointed

# Gronewold, Bell, Kyhnn & Co. P.C.

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Williamsburg, Iowa, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

To the Honorable Mayor and  
Members of the City Council

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Williamsburg as of June 30, 2016, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## **Basis of Accounting**

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Williamsburg's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2009 (which are not presented herein) and expressed qualified opinions on those financial statements, which were prepared on the basis of cash receipts and disbursements. The financial statements for the six years ending June 30, 2015 (which are not presented herein), were audited by other auditors whose reports expressed unmodified opinions on those financial statements, which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, the budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 25 through 29, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

To the Honorable Mayor and  
Members of the City Council

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2016 on our consideration of the City of Williamsburg's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Williamsburg's internal control over financial reporting and compliance.

*Gunnwald, Ben, Kyhan & Co. P. C.*

Atlantic, Iowa  
December 6, 2016

CITY OF WILLIAMSBURG, IOWA  
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION

As of and for the year ended June 30, 2016

		<u>Program Receipts</u>	
	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
Functions/Programs:			
Governmental activities:			
Public safety	\$ 692,685	\$ 890	\$ 7,088
Public works	471,624	2,769	380,771
Health and social services	7,800	--	--
Culture and recreation	888,658	286,739	27,866
Community and economic development	40,892	--	--
General government	195,636	23,321	--
Debt service	2,378,725	--	--
Capital projects	35,802	--	--
Total governmental activities	<u>4,711,822</u>	<u>313,719</u>	<u>415,725</u>
Business type activities:			
Water	341,852	352,960	--
Sewer	384,239	536,246	--
Child Development Center	49,404	--	54,360
Total business type activities	<u>775,495</u>	<u>889,206</u>	<u>54,360</u>
Component Unit:			
Library Foundation	<u>2,842</u>	<u>--</u>	<u>2,864</u>
Total	<u>\$ 5,490,159</u>	<u>\$ 1,202,925</u>	<u>\$ 472,949</u>

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Program Receipts	Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			Aggregate Discretely Presented Component Unit
	Governmental Activities	Business Type Activities	Total	
Capital Grants, Contributions, and Restricted Interest				
\$ --	\$ ( 684,707)	\$ --	\$ ( 684,707)	\$ --
--	( 88,084)	--	( 88,084)	--
--	( 7,800)	--	( 7,800)	--
--	( 574,053)	--	( 574,053)	--
--	( 40,892)	--	( 40,892)	--
--	( 172,315)	--	( 172,315)	--
--	( 2,378,725)	--	( 2,378,725)	--
--	( 35,802)	--	( 35,802)	--
--	( 3,982,378)	--	( 3,982,378)	--
--	--	11,108	11,108	--
--	--	152,007	152,007	--
--	--	4,956	4,956	--
--	--	168,071	168,071	--
--	--	--	--	22
\$ --	( 3,982,378)	168,071	( 3,814,307)	22



CITY OF WILLIAMSBURG, IOWA  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS - Continued

As of and for the year ended June 30, 2016

		Program Receipts	
	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
General Receipts:			
Property tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Local option sales tax			
Commercial/industrial tax replacement			
Unrestricted interest on investments			
Debt proceeds			
Miscellaneous			
Transfers			
Total general receipts and transfers			
Change in cash basis net assets			
Cash basis net assets beginning of year			
Cash basis net assets end of year			
Cash Basis Net Assets			
Restricted:			
Expendable:			
Streets			
Urban renewal projects			
Debt service			
Other purposes			
Unrestricted			
Total cash basis net assets			

The accompanying notes are an integral part of these statements.

Program Receipts	Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			Aggregate Discretely Presented Component Unit
	Governmental Activities	Business Type Activities	Total	
Capital Grants, Contributions, and Restricted Interest				
	\$ 1,008,811	\$ --	\$ 1,008,811	\$ --
	260,973	--	260,973	--
	989,206	--	989,206	--
	377,984	--	377,984	--
	64,651	--	64,651	--
	23,050	2,142	25,192	--
	1,334,327	--	1,334,327	--
	61,068	41,004	102,072	--
	98,314	( 98,314)	--	--
	<u>4,218,384</u>	<u>( 55,168)</u>	<u>4,163,216</u>	<u>--</u>
	236,006	112,903	348,909	22
	<u>5,004,644</u>	<u>944,963</u>	<u>5,949,607</u>	<u>127,404</u>
	<u>\$ 5,240,650</u>	<u>\$ 1,057,866</u>	<u>\$ 6,298,516</u>	<u>\$ 127,426</u>
	\$ 157,756	\$ --	\$ 157,756	\$ --
	193,882	--	193,882	--
	94,564	185,250	279,814	--
	1,521,999	--	1,521,999	--
	<u>3,272,449</u>	<u>872,616</u>	<u>4,145,065</u>	<u>127,426</u>
	<u>\$ 5,240,650</u>	<u>\$ 1,057,866</u>	<u>\$ 6,298,516</u>	<u>\$ 127,426</u>

CITY OF WILLIAMSBURG, IOWA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2016

	<u>General</u>	<u>Special Revenue Tax Increment Financing</u>
Receipts:		
Property tax	\$ 905,230	\$ --
Tax increment financing	--	989,206
Other city tax	91,220	--
Licenses and permits	12,264	--
Use of money and property	84,764	826
Intergovernmental	25,273	--
Charges for service	235,844	--
Miscellaneous	69,773	--
Total receipts	<u>1,424,368</u>	<u>990,032</u>
Disbursements:		
Operating:		
Public safety	692,685	--
Public works	130,053	--
Health and social services	7,800	--
Culture and recreation	887,672	--
Community and economic development	27,509	13,383
General government	195,636	--
Debt service	4,105	--
Capital projects	--	--
Total disbursements	<u>1,945,460</u>	<u>13,383</u>
Excess (deficiency) of receipts over (under) disbursements	( 521,092)	976,649
Other financing sources (uses):		
Bond proceeds	17,250	--
Operating transfers in	765,279	--
Operating transfers out	--	( 1,039,156)
Total other financing sources (uses)	<u>782,529</u>	<u>( 1,039,156)</u>
Change in cash balances	261,437	( 62,507)

(continued next page)

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major</u>	<u>Total</u>
\$ 256,862	\$ 75,436	\$ --	\$ 1,237,528
--	--	--	989,206
4,111	1,576	377,984	474,891
--	--	--	12,264
448	3,114	485	89,637
--	--	379,141	404,414
--	--	--	235,844
--	--	1,630	71,403
<u>261,421</u>	<u>80,126</u>	<u>759,240</u>	<u>3,515,187</u>
--	--	--	692,685
--	--	341,571	471,624
--	--	--	7,800
--	--	986	888,658
--	--	--	40,892
--	--	--	195,636
2,374,620	--	--	2,378,725
--	35,802	--	35,802
<u>2,374,620</u>	<u>35,802</u>	<u>342,557</u>	<u>4,711,822</u>
( 2,113,199)	44,324	416,683	( 1,196,635)
1,317,077	--	--	1,334,327
812,470	--	--	1,577,749
--	--	( 440,279)	( 1,479,435)
<u>2,129,547</u>	<u>--</u>	<u>( 440,279)</u>	<u>1,432,641</u>
16,348	44,324	( 23,596)	236,006

CITY OF WILLIAMSBURG, IOWA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES - Continued  
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2016

	<u>General</u>	<u>Special Revenue Tax Increment Financing</u>
Change in cash balances	\$ 261,437	\$( 62,507)
Cash balances beginning of year	<u>3,011,012</u>	<u>256,389</u>
Cash balances end of year	<u>\$ 3,272,449</u>	<u>\$ 193,882</u>
 Cash Basis Fund Balances		
Restricted for:		
Urban renewal purposes	\$ --	\$ 193,882
Debt service	--	--
Streets	--	--
Other purposes	--	--
Committed for capital projects	--	--
Assigned for:		
Library	66,636	--
Unassigned	<u>3,205,813</u>	<u>--</u>
Total cash basis fund balances	<u>\$ 3,272,449</u>	<u>\$ 193,882</u>

The accompanying notes are an integral part of these statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major</u>	<u>Total</u>
\$ 16,348	\$ 44,324	\$ ( 23,596)	\$ 236,006
<u>78,216</u>	<u>1,339,344</u>	<u>319,683</u>	<u>5,004,644</u>
<u>\$ 94,564</u>	<u>\$ 1,383,668</u>	<u>\$ 296,087</u>	<u>\$ 5,240,650</u>

\$ --	\$ --	\$ --	\$ 193,882
94,564	--	--	94,564
--	--	157,756	157,756
--	--	138,331	138,331
--	1,383,668	--	1,383,668
--	--	--	66,636
<u>--</u>	<u>--</u>	<u>--</u>	<u>3,205,813</u>
<u>\$ 94,564</u>	<u>\$ 1,383,668</u>	<u>\$ 296,087</u>	<u>\$ 5,240,650</u>

CITY OF WILLIAMSBURG, IOWA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS

As of and for the year ended June 30, 2016

	Enterprise Funds			Child Care Facility Non-Major	Total
	Water	Sewer			
Operating receipts:					
Charges for service	\$ 352,960	\$ 536,246	\$ --	\$ 889,206	
Total operating receipts	352,960	536,246	--	889,206	
Operating disbursements:					
Business type activities	341,852	315,410	--	657,262	
Total operating disbursements	341,852	315,410	--	657,262	
Excess of operating receipts over operating disbursements	11,108	220,836	--	231,944	
Non-operating receipts (disbursements):					
Interest on investments	382	1,712	48	2,142	
Miscellaneous	30,714	10,290	54,360	95,364	
Debt service	--	( 68,829)	( 49,404)	( 118,233)	
Net non-operating receipts (disbursements)	31,096	( 56,827)	5,004	( 20,727)	
Excess of receipts over disbursements	42,204	164,009	5,004	211,217	
Other financing sources (uses):					
Operating transfers out	( 10,122)	( 88,192)	--	( 98,314)	
Change in cash balances	32,082	75,817	5,004	112,903	
Cash balances beginning of year	195,564	724,310	25,089	944,963	
Cash balances end of year	\$ 227,646	\$ 800,127	\$ 30,093	\$ 1,057,866	
Cash Basis Fund Balances					
Reserved for debt service	\$ --	\$ 155,157	\$ 30,093	\$ 185,250	
Unreserved	227,646	644,970	--	872,616	
Total cash basis fund balances	\$ 227,646	\$ 800,127	\$ 30,093	\$ 1,057,866	

The accompanying notes are an integral part of these statements.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Williamsburg, Iowa is a political subdivision of the State of Iowa located in Iowa County. It was first incorporated in 1885 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities services for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Williamsburg has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements include the City of Williamsburg (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely Presented Component Unit

The Williamsburg Library Foundation, Inc. is presented in a separate column to emphasize that it is a separate entity, but is financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Williamsburg Library Foundation, Inc. is a non-profit organization created for the sole purpose of raising funds to support the Williamsburg Library. Most revenues are generated from private donations given by individuals and businesses in the area.

Williamsburg Fire Fighters Association, which is incorporated under Chapter 504A of the Code of Iowa, is a component unit because it has the potential to provide benefits to the City of Williamsburg Fire Department. The association completed the process of changing the entity type, to the 501(c)3. The Fire Fighters Association Board of Directors is, in appearance, essentially the same as the Williamsburg Fire Department. Condensed financial statements for the year ended December 31, 2015 presented in Note 18 were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Unaudited financial statements may be obtained from 102 Fire Ridge Road, Williamsburg, Iowa 52361.



CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Iowa County Assessor's Conference Board, Iowa County Joint E911 Service Board, Parks and Regional Environmental Improvement Commission.

Related Organization

The Friends of the Williamsburg Library is an organization separate from the City. The Friends has been created for the sole purpose of raising funds to support the Williamsburg Library but is not financially accountable to the City.

B. Basis of Presentation

Government-wide Financial Statements

The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

*Nonexpendable restricted net position* is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

*Expendable restricted net position* results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enable legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Tax Increment Financing Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City of Williamsburg maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provision or enabling legislation.

Assigned - Amounts the City Council intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2016, disbursements exceeded the amounts budgeted in the debt service fund.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

NOTE 3 - BONDS AND NOTES PAYABLE

Annual debt service requirements to maturity for general obligation bonds, and revenue bonds and notes are as follows:

Year Ending June 30,	General Obligation Bonds		Revenue Bonds and Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 725,000	\$ 162,579	\$ 67,340	\$ 51,784	\$ 792,340	\$ 214,363
2018	570,000	142,415	69,867	49,607	639,867	192,022
2019	595,000	127,140	71,433	47,346	666,433	174,486
2020	925,000	110,365	73,927	45,112	998,927	155,477
2021	270,000	84,815	76,631	42,608	346,631	127,423
2022-2026	1,465,000	301,988	352,165	174,995	1,817,165	476,983
2027-2031	585,000	115,510	107,690	139,330	692,690	254,840
2032-2036	265,000	18,442	127,434	115,700	392,434	134,142
2037-2041	--	--	149,575	88,205	149,575	88,205
2042-2046	--	--	182,702	55,078	182,702	55,078
2047-2050	--	--	178,727	11,497	178,727	11,497
	<u>\$ 5,400,000</u>	<u>\$ 1,063,254</u>	<u>\$ 1,457,491</u>	<u>\$ 821,262</u>	<u>\$ 6,857,491</u>	<u>\$ 1,884,516</u>

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

Sewer Revenue Bonds

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,050,000 in sewer revenue bonds issued in June, 2005. Proceeds from the bonds provided financing for the construction of improvements to the sewer treatment system. The bonds are payable solely from sewer customer net receipts and are payable through 2025. Annual principal and interest payments on the bonds are expected to require less than 30 percent of the net receipts. The total principal and interest remaining to be paid on the bonds is \$628,775. For the current year, principal and interest paid and total customer net receipts were \$66,321 and \$220,836, respectively.

Child Care Facility Enterprise Notes

The City has pledged future child care facility customer receipts, net of operating disbursements, to repay \$964,000 in child care facility enterprise revenue notes 1 and 2 issued in July, 2010. Proceeds from the notes provided financing for the acquisition of land and construction, furnishing and equipping of a child care center. The notes are payable solely from child care customer net receipts and are payable through 2050. Annual principal and interest payments on the notes are expected to require less than 91 percent of the net receipts. The total principal and interest remaining to be paid on the notes is \$1,649,978. For the current year, principal and interest paid and total customer net receipts were \$49,404 and \$54,360, respectively.

The resolutions providing for the issuance of the revenue bonds and notes include the following provisions.

- a. The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- b. Sufficient monthly transfers shall be made to the separate sewer and child care facility revenue bond sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- c. There shall be a special fund to be known and designated as the Surplus Fund into which there shall be set apart and paid all of the Net Revenues remaining after first making the required payments in to the Sinking Fund. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Funds whenever necessary to prevent or remedy a default in the payment of the principal or interest on the Bonds and Parity Obligations.
- d. For the child care facility, there shall be a reserve fund established for 10 percent of each payment up to a maximum of the largest payment.
- e. As long as the Sinking Fund has the full amounts required to be deposited therein by this resolution, any balance in the Surplus Fund may be made available to the City as the Council, or such other duly constituted body as may then be charged with the operation on the utility, may from time to time direct.
- f. The providers of the child care facility have established a depreciation fund to be used for repairs and maintenance over the life of the loan.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

Defeasance of Debt

In April, 2016, the City issued \$1,270,000 of Series 2016 General Obligation Refunding Bonds with an average interest rate of 3.0% to current refund \$1,300,000 of Series 2010 General Obligation Urban Renewal Bonds with varying interest rates ranging from 2.75% to 3.50%. The proceeds and premium received were used to pay the Series 2010 debt on June 1, 2016. As a result, the Series 2010 G.O. Urban Renewal Bonds are considered defeased. The City completed the current refunding to reduce its total debt service payments by approximately \$49,000 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of approximately \$46,000.

NOTE 4 - PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except for members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE 4 - PENSION PLAN - Continued

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of pay and the City contributed 8.93% for a total rate of 14.88%. Protection occupation members contributed 6.56% of covered payroll and the City contributed 9.84% of covered payroll for a total rate of 16.40 percent.

The City's contributions to IPERS for the year ended June 30, 2016 were \$88,469.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of \$356,522 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the City's proportion was 0.0072163%, which was an increase of 0.000743% from its proportion measured as of June 30, 2014.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE 4 - PENSION PLAN - Continued

For the year ended June 30, 2016 the City pension expense, deferred outflows and deferred inflows totaled \$47,059, \$120,119 and 167,651 respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

Rate of Inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increases (effective June 30, 2010)	4.00% to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	<u>100%</u>	



CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE 4 - PENSION PLAN - Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability (asset)	\$ 849,245	\$ 356,522	\$( 59,083)

IPERS' Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: The City operates a single-employer health benefit plan which provides medical, prescription drug, dental, and vision benefits for employees, retirees, and their spouses. There are 18 active and 0 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical, prescription drug, dental, and vision benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy: The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$529 for single coverage and \$1,323 for family coverage. For the year ended June 30, 2016, the City contributed \$261,024 and plan members eligible for benefits contributed \$ - 0 - to the plan.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE 6 - COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and comp time hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory termination payments payable to employees at June 30, 2016, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 41,767
Compensatory	28,319
Holiday	<u>11,546</u>
Total	<u>\$ 81,632</u>

This liability has been computed based on rates of pay in effect at June 30, 2016.

City employees also accumulate a limited amount of earned but unused sick leave hours, personal time, and holiday pay for subsequent use. However, sick leave time and personal time is canceled if an employee leaves his or her employment with the City.

NOTE 7 - ECONOMIC DEVELOPMENT

On November 28, 2011, the City entered into a Development Agreement with WLW Ltd. Partnership, in which the City agrees to make economic development tax rebate payments to WLW Ltd. Partnership, pursuant to Chapters 15A and 403 of the Code of Iowa, in amounts which represent 50% of the property taxes paid with respect to the incremental property valuation of the construction project to construct a facility for WLW Ltd. Partnership not to exceed the amount of \$450,000. The tax rebate payments shall not constitute general obligations of the City, but shall be paid solely and only from incremental property taxes received by the City from the County Treasurer which are attributable to the construction project.

NOTE 8 - RELATED PARTY TRANSACTIONS

The City had business transactions between City and City officials totaling \$861 during the year ended June 30, 2016.

NOTE 9 - BOYD MONIES

Walter C. Boyd left the balance of his estate to the town of Williamsburg, Iowa, to be used as the City sees fit. The City Council set up a separate account in the General Fund to track this money and show the citizens where the money is being spent.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE 10 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 400,000
	Tax Incremental Financing	325,000
	Road Use Tax	<u>40,279</u>
		765,279
Debt Service	Special Revenue:	
	Tax Incremental Financing	714,156
	Enterprise:	
	Water	10,122
	Sewer	<u>88,192</u>
		<u>812,470</u>
		<u>\$ 1,577,749</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

NOTE 11 - RISK MANAGEMENT

The City of Williamsburg is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12 - PARTIAL SELF FUNDED INSURANCE

The City will pay up to \$1,250 for a single and up to \$2,500 for a family for each employee's deductible on his or her health insurance plan. For the period ended June 30, 2016, the City had 18 employees on the partial self-funded insurance plan with a maximum liability of \$38,750 and expenditures of \$6,056.

NOTE 13 - LEASES

The City leases property to the school under an operating lease requiring payments of \$25,000 on November 1, 2015 and April 15, 2016. The lease is for July 1, 2015 to June 30, 2016. Total lease payments received for the year ended June 30, 2016 are \$50,000.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE 14 - REGIONAL ENVIRONMENTAL IMPROVEMENT COMMISSION

The City, in conjunction with all other municipalities in Iowa County, has created the Regional Environmental Improvement Commission. The Commission was established for the primary purpose of providing for the collection and disposal of solid waste produced or generated by each participant. Upon dissolution of the corporation, the net assets of the Commission will be prorated among the municipalities. The Commission is governed by a board composed of an elected representative of the governing body of each participating governmental jurisdiction.

During the year ended June 30, 2016, the City of Williamsburg paid Cox Sanitation \$84,035. The sanitation company is then responsible for paying all landfill fees for the City's share of the cost. Completed financial statements for the Commission can be obtained from the Regional Environmental Improvement Commission.

NOTE 15 - MANAGEMENT AND USE AGREEMENT

Due to the importance of affordable childcare the City constructed a daycare facility and signed a management agreement with Williamsburg Community Childcare Center and K.I.N.D. Care to operate and maintain the child care facility. A lease purchase has been signed based on the total cost of the building.

The remaining lease purchase payments to be received are as follows:

Year Ending June 30,	Lease Purchase Receivable	
	Principal	Interest
2017	\$ 13,340	\$ 36,064
2018	13,867	35,537
2019	14,433	34,971
2020	14,927	34,477
2021	15,631	33,773
2022-2026	88,165	158,855
2027-2031	107,690	139,330
2032-2036	127,434	115,700
2037-2041	149,575	88,205
2042-2046	182,702	55,078
2047-2050	178,727	11,497
Total	\$ 906,491	\$ 743,487

The City maintains the right to repurchase the land if the childcare providers decide to sell the childcare facility.

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE 16 - CONDUIT DEBT OBLIGATIONS

On November 13, 2006, Nursing and Independent Living Facilities Revenue Bonds (Williamsburg Retirement Community, Inc. Project) in the amount not to exceed \$7,000,000 were issued to finance the costs of constructing and furnishing a 44 bed skilled nursing facility and 8 independent living units.

On June 10, 2014, Williamsburg Retirement Community Project Refunding Revenue Bonds in the amount of \$8,400,000 were issued. These revenue bonds were issued for the purpose of refunding the previous issuance of Revenue Bonds (Series 2005 Bonds) which was issued to refund two previous issuances of Revenue Bonds (Series 2002 Bonds and Series 2003 Bonds) which financed the cost of construction of the Williamsburg Retirement Community, Inc. Project.

These bonds are a special limited obligation of the City and shall not be payable from or charged upon any funds other than Loan Repayments made by the Williamsburg Retirement Community, Inc. The bonds do not constitute a debt of the City within any constitutional or statutory limitation.

NOTE 17 - THE WILLIAMSBURG FIREFIGHTERS ASSOCIATION

The Williamsburg Firefighters Association provides benefits to the City of Williamsburg Fire Department. The Association reports its financial activity using a calendar year end. As permitted by GASB Statement No. 34, the City has opted to present condensed financial information for its discretely presented component unit. Following is the unaudited condensed financial information for the Williamsburg Firefighters Association for the year ended December 31, 2015.

	<u>Williamsburg Firefighters Association</u>
Receipts:	
Miscellaneous	\$ <u>59,610</u>
Total receipts	<u>59,610</u>
Disbursements:	
Public safety	<u>52,766</u>
Total disbursements	<u>52,766</u>
Excess of receipts over disbursements	6,844
Cash balance beginning of year	<u>36,813</u>
Cash balance end of year	<u>\$ 43,657</u>

CITY OF WILLIAMSBURG, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Subsequent Events

The City has evaluated all subsequent events through December 6, 2016, the date the financial statements were available to be issued.

\* \* \*

## OTHER INFORMATION

CITY OF WILLIAMSBURG, IOWA  
BUDGETARY COMPARISON SCHEDULE  
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL  
FUNDS AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2016

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total</u>
Receipts:			
Property tax	\$ 1,237,528	\$ --	\$ 1,237,528
Tax increment financing collections	989,206	--	989,206
Other city tax	474,891	--	474,891
Licenses and permits	12,264	--	12,264
Use of money and property	89,637	2,142	91,779
Intergovernmental	404,414	--	404,414
Charges for service	235,844	889,206	1,125,050
Miscellaneous	71,403	95,364	166,767
Total receipts	<u>3,515,187</u>	<u>986,712</u>	<u>4,501,899</u>
Disbursements:			
Public safety	692,685	--	692,685
Public works	471,624	--	471,624
Health and social services	7,800	--	7,800
Culture and recreation	888,658	--	888,658
Community and economic development	40,892	--	40,892
General government	195,636	--	195,636
Debt service	2,378,725	--	2,378,725
Capital projects	35,802	--	35,802
Business type activities	--	775,495	775,495
Total disbursements	<u>4,711,822</u>	<u>775,495</u>	<u>5,487,317</u>
Excess (deficiency) of receipts over (under) disbursements	( 1,196,635)	211,217	( 985,418)
Other financing sources (uses), net	<u>1,432,641</u>	<u>( 98,314)</u>	<u>1,334,327</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	236,006	112,903	348,909
Balances beginning of year	<u>5,004,644</u>	<u>944,963</u>	<u>5,949,607</u>
Balances end of year	<u>\$ 5,240,650</u>	<u>\$ 1,057,866</u>	<u>\$ 6,298,516</u>

See accompanying independent auditor's report.



Budgeted Amounts		Final to Total Variance
Original	Final	
\$ 1,149,141	\$ 1,149,141	\$ 88,387
964,161	964,161	25,045
520,089	460,089	14,802
10,250	10,250	2,014
92,557	92,557	( 778)
489,211	399,711	4,703
1,133,040	1,133,040	( 7,990)
154,510	154,510	12,257
<u>4,512,959</u>	<u>4,363,459</u>	<u>138,440</u>
821,152	731,652	38,967
418,710	518,710	47,086
7,800	7,800	--
1,114,559	1,114,559	225,901
81,500	81,500	40,608
224,137	224,137	28,501
954,383	2,359,383	( 19,342)
--	39,000	3,198
815,836	815,836	40,341
<u>4,438,077</u>	<u>5,892,577</u>	<u>405,260</u>
74,882	( 1,529,118)	543,700
<u>--</u>	<u>1,319,087</u>	<u>15,240</u>
74,882	( 210,031)	558,940
<u>6,738,288</u>	<u>6,738,288</u>	<u>( 788,681)</u>
<u>\$ 6,813,170</u>	<u>\$ 6,528,257</u>	<u>\$ ( 229,741)</u>

CITY OF WILLIAMSBURG, IOWA  
NOTES TO OTHER INFORMATION - BUDGETARY REPORTING

June 30, 2016

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted included disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased disbursements by \$1,454,500. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2016, disbursements exceeded the amounts budgeted in the Debt Service function.

CITY OF WILLIAMSBURG, IOWA  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST TWO YEARS\*

OTHER INFORMATION

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.0072163%	0.006473%
City's proportionate share of the net pension liability	\$ 357	\$ 257
City's covered-employee payroll:	\$ 1,045	\$ 1,015
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	34.16%	25.32%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year,

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Note: Amounts are rounded.

See accompanying independent auditor's report.

CITY OF WILLIAMSBURG, IOWA

SCHEDULE OF CITY CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST 7 FISCAL YEARS  
(In Thousands)

OTHER INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 88	\$ 87	\$ 83
Contributions in relation to the statutorily required contribution	<u>( 88)</u>	<u>( 87)</u>	<u>( 83)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered-employee payroll	\$ 956	\$ 1,045	\$ 1,015
Contributions as a percentage of covered-employee payroll	9.21%	8.33%	8.18%

Note: Amounts are rounded.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying independent auditor's report.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 80	\$ 73	\$ 67	\$ 64
<u>( 80)</u>	<u>( 73)</u>	<u>( 67)</u>	<u>( 64)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 989	\$ 960	\$ 935	\$ 936
8.09%	7.60%	7.17%	6.84%

CITY OF WILLIAMSBURG, IOWA  
NOTES TO OTHER INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2016

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

\* \* \*

See accompanying independent auditor's report.

## SUPPLEMENTARY INFORMATION

CITY OF WILLIAMSBURG, IOWA  
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2016

	Special Revenue	
	Road Use Tax	Local Option Sales Tax
Receipts:		
Other City tax	\$ --	\$ 377,984
Use of money and property	--	483
Intergovernmental	379,141	--
Miscellaneous	1,630	--
Total receipts	380,771	378,467
Disbursements:		
Operating:		
Public works	341,571	--
Culture and recreation	--	--
Total disbursements	341,571	--
Excess (deficiency) of receipts over (under) disbursements	39,200	378,467
Other financing uses:		
Transfers out	( 40,279)	( 400,000)
Change in cash balances	( 1,079)	( 21,533)
Cash balances, beginning of year	158,835	159,864
Cash balances, end of year	\$ 157,756	\$ 138,331
Cash Basis Fund Balances		
Nonspendable - Thelma Wyman Memorial	\$ --	\$ --
Restricted for:		
Streets	157,756	--
Other purposes	--	138,331
Total cash basis fund balances	\$ 157,756	\$ 138,331

See accompanying independent auditor's report.



<u>Permanent Thelma Wyman Memorial</u>	<u>Total</u>
\$ --	\$ 377,984
2	485
--	379,141
--	1,630
<u>2</u>	<u>759,240</u>
--	341,571
<u>986</u>	<u>986</u>
<u>986</u>	<u>342,557</u>
( 984)	416,683
<u>--</u>	<u>( 440,279)</u>
( 984)	( 23,596)
<u>984</u>	<u>319,683</u>
<u>\$ --</u>	<u>\$ 296,087</u>
\$ --	\$ --
--	157,756
<u>--</u>	<u>138,331</u>
<u>\$ --</u>	<u>\$ 296,087</u>

CITY OF WILLIAMSBURG, IOWA  
SCHEDULE OF INDEBTEDNESS  
Year ended June 30, 2016

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>
General Obligation Bonds:			
Corporate purpose - capital projects, Series 2008	April 1, 2008	2.50% - 4.10%	\$ 1,000,000
Corporate purpose - street, water & sewer, Series 2009B	April 1, 2009	3.50% - 4.20%	1,675,000
Urban renewal bonds - library, Series 2010	April 1, 2010	2.25% - 3.50%	2,500,000
Refunding bonds, Series 2011	July 1, 2011	2.00% - 3.50%	32,700
Corporate purpose, Series 2012	June 11, 2012	0.45% - 3.45%	1,500,000
Corporate purpose, Series 2014	June 10, 2014	2.00% - 4.00%	1,600,000
Refunding Bonds, Series 2016	April 14, 2016	3.00%	1,270,000
Total General Obligation Bonds			
Revenue Bonds and Notes:			
Sewer revenue bonds	June 13, 2005	3.00%	1,050,000
USDA Child care facility enterprise revenue note 1	July 1, 2010	4.00%	928,000
USDA Child care facility enterprise revenue note 2	July 1, 2010	4.00%	36,000
Total Revenue Bonds and Notes			

See accompanying independent auditor's report.

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ 140,000	\$ --	\$ 140,000	\$ --	\$ 5,740	\$ --
425,000	--	100,000	325,000	17,250	2,875
1,500,000	--	1,500,000	--	48,500	8,083
1,940,000	--	310,000	1,630,000	55,800	9,300
910,000	--	45,000	865,000	22,065	1,839
1,385,000	--	75,000	1,310,000	40,025	3,335
<u>--</u>	<u>1,270,000</u>	<u>--</u>	<u>1,270,000</u>	<u>--</u>	<u>--</u>
<u>\$6,300,000</u>	<u>\$1,270,000</u>	<u>\$2,170,000</u>	<u>\$5,400,000</u>	<u>\$ 189,380</u>	<u>\$ 25,432</u>
\$ 603,000	\$ --	\$ 52,000	\$ 551,000	\$ 14,321	\$ 1,508
894,835	--	11,939	882,896	35,617	501
<u>24,457</u>	<u>--</u>	<u>862</u>	<u>23,595</u>	<u>986</u>	<u>13</u>
<u>\$1,522,292</u>	<u>\$ --</u>	<u>\$ 64,801</u>	<u>\$1,457,491</u>	<u>\$ 50,924</u>	<u>\$ 2,022</u>

CITY OF WILLIAMSBURG, IOWA  
BOND AND NOTE MATURITIES  
June 30, 2016

Year ending June 30,	General Obligation Bonds					
	Corporate Purpose Street, Water, & Sewer, Series 09B		Refunding Bonds, Series 2011		Corporate Purpose, Series 2012	
	Issued April 1, 2009		Issued July 1, 2011		Issued June 11, 2012	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
2017	4.00%	\$ 100,000	2.10%	\$ 265,000	1.00%	\$ 45,000
2018	4.00	100,000	2.15	100,000	1.35	50,000
2019	4.20	125,000	2.40	100,000	1.35	50,000
2020		--	2.60	100,000	1.80	50,000
2021		--	2.80	100,000	1.80	50,000
2022		--	3.50	180,000	2.25	50,000
2023		--	3.50	190,000	2.25	50,000
2024		--	3.50	195,000	2.50	50,000
2025		--	3.50	200,000	2.50	55,000
2026		--	3.50	200,000	2.85	55,000
2027		--		--	2.85	55,000
2028		--		--	3.00	55,000
2029		--		--	3.00	60,000
2030		--		--	3.45	60,000
2031		--		--	3.45	65,000
2032		--		--	3.45	65,000
2033		--		--		--
2034		--		--		--
		<u>\$ 325,000</u>		<u>\$1,630,000</u>		<u>\$ 865,000</u>

(continued next page)

<u>General Obligation Bonds</u>				
<u>Corporate Purpose, Series 2014</u>		<u>Refunding Bonds, Series 2016</u>		
<u>Issued June 10, 2014</u>		<u>Issued April 14, 2016</u>		
<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Total</u>
2.00% \$	110,000	3.00% \$	205,000	\$ 725,000
2.00	115,000	3.00	205,000	570,000
2.00	115,000	3.00	205,000	595,000
2.00	120,000	3.00	655,000	925,000
2.13	120,000	--	--	270,000
2.75	45,000	--	--	275,000
2.75	45,000	--	--	285,000
2.75	50,000	--	--	295,000
3.75	50,000	--	--	305,000
3.75	50,000	--	--	305,000
3.75	55,000	--	--	110,000
3.75	55,000	--	--	110,000
3.75	60,000	--	--	120,000
4.00	60,000	--	--	120,000
4.00	60,000	--	--	125,000
4.00	65,000	--	--	130,000
4.00	65,000	--	--	65,000
4.00	70,000	--	--	70,000
	<u>\$1,310,000</u>		<u>\$1,270,000</u>	<u>\$ 5,400,000</u>

CITY OF WILLIAMSBURG, IOWA  
BOND AND NOTE MATURITIES - Continued  
June 30, 2016

Year Ending June 30,	Revenue Bonds and Notes						
	Sewer Revenue Bonds		USDA Child Care Facility Ent. Rev. Note 1		USDA Child Care Facility Ent. Rev. Note 2		Total
	Issued June 13, 2015		Issued July 1, 2010		Issued July 1, 2010		
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2017	3.00%	\$ 54,000	4.00%	\$ 12,403	4.00%	\$ 937	\$ 67,340
2018	3.00	56,000	4.00	12,909	4.00	958	69,867
2019	3.00	57,000	4.00	13,436	4.00	997	71,433
2020	3.00	59,000	4.00	13,892	4.00	1,035	73,927
2021	3.00	61,000	4.00	14,551	4.00	1,080	76,631
2022	3.00	63,000	4.00	15,145	4.00	1,124	79,269
2023	3.00	65,000	4.00	15,763	4.00	1,170	81,933
2024	3.00	67,000	4.00	16,320	4.00	1,216	84,536
2025	3.00	69,000	4.00	17,072	4.00	1,267	87,339
2026		--	4.00	17,769	4.00	1,319	19,088
2027		--	4.00	18,494	4.00	1,373	19,867
2028		--	4.00	19,171	4.00	1,427	20,598
2029		--	4.00	20,031	4.00	1,487	21,518
2030		--	4.00	20,849	4.00	1,547	22,396
2031		--	4.00	21,700	4.00	1,611	23,311
2032		--	4.00	22,516	4.00	1,676	24,192
2033		--	4.00	23,504	4.00	1,745	25,249
2034		--	4.00	24,463	4.00	1,626	26,089
2035		--	4.00	25,461		--	25,461
2036		--	4.00	26,443		--	26,443
2037		--	4.00	27,580		--	27,580
2038		--	4.00	28,705		--	28,705
2039		--	4.00	29,876		--	29,876
2040		--	4.00	31,051		--	31,051
2041		--	4.00	32,363		--	32,363
2042		--	4.00	33,683		--	33,683
2043		--	4.00	35,058		--	35,058
2044		--	4.00	36,459		--	36,459
2045		--	4.00	37,976		--	37,976
2046		--	4.00	39,526		--	39,526
2047		--	4.00	41,139		--	41,139
2048		--	4.00	42,806		--	42,806
2049		--	4.00	44,565		--	44,565
2050		--	4.00	50,217		--	50,217
		<u>\$ 551,000</u>		<u>\$ 882,896</u>		<u>\$ 23,595</u>	<u>\$ 1,457,491</u>

See accompanying independent auditor's report.

CITY OF WILLIAMSBURG, IOWA  
SCHEDULE OF RECEIPTS BY SOURCE AND  
DISBURSEMENTS BY FUNCTION -  
ALL GOVERNMENTAL FUNDS  
For the Last Ten Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Receipts:				
Property tax	\$ 1,237,528	\$ 1,105,091	\$ 624,902	\$ 983,286
Tax increment financing	989,206	1,060,558	1,672,383	1,900,312
Other city tax	474,891	493,702	468,440	619,740
Licenses and permits	12,264	8,285	16,506	9,928
Use of money and property	89,637	92,517	94,716	103,240
Intergovernmental	404,414	345,624	336,094	321,195
Charges for service	235,844	199,327	218,627	239,249
Special assessments	--	--	--	--
Miscellaneous	<u>71,403</u>	<u>86,654</u>	<u>75,628</u>	<u>290,206</u>
Total	<u>\$ 3,515,187</u>	<u>\$ 3,391,758</u>	<u>\$ 3,507,296</u>	<u>\$ 4,467,156</u>
Disbursements:				
Operating:				
Public safety	\$ 692,685	\$ 697,653	\$ 710,079	\$ 641,143
Public works	471,624	392,923	395,373	385,276
Health and social services	7,800	7,800	1,200	1,200
Culture and recreation	888,658	929,005	788,584	756,956
Community and economic development	40,892	35,969	35,632	27,465
General government	195,636	185,141	179,052	167,650
Debt service	2,378,725	2,125,801	1,566,793	1,299,386
Capital projects	<u>35,802</u>	<u>1,225,826</u>	<u>1,168,824</u>	<u>1,248,578</u>
Total	<u>\$ 4,711,822</u>	<u>\$ 5,600,118</u>	<u>\$ 4,845,537</u>	<u>\$ 4,527,654</u>

See accompanying independent auditor's report.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 840,334	\$ 840,637	\$ 920,013	\$ 787,373	\$ 593,123	\$ 944,096
1,922,728	1,922,005	1,745,232	1,631,084	1,563,029	1,500,055
608,616	460,232	408,555	423,988	446,083	419,263
13,679	11,097	19,174	185,011	327,267	253,153
105,801	132,757	161,152	5,590	8,787	6,247
471,044	736,767	685,869	489,155	313,959	260,262
212,070	208,184	193,888	206,977	239,226	242,471
--	--	648	964	948	1,004
<u>128,272</u>	<u>391,294</u>	<u>174,680</u>	<u>149,177</u>	<u>563,337</u>	<u>868,333</u>
<u>\$ 4,302,544</u>	<u>\$ 4,702,973</u>	<u>\$ 4,309,211</u>	<u>\$ 3,879,319</u>	<u>\$ 4,055,759</u>	<u>\$ 4,494,884</u>
\$ 642,713	\$ 619,806	\$ 616,863	\$ 597,270	\$ 557,288	\$ 569,356
348,373	560,959	363,839	395,385	393,721	374,606
1,200	1,200	1,200	1,200	1,200	1,200
729,557	680,291	726,768	717,422	1,242,755	1,837,607
18,312	118,502	117,399	107,631	93,870	217,725
177,746	176,070	191,063	203,736	173,863	166,960
4,597,964	1,555,153	1,405,313	2,938,235	1,350,466	1,338,712
<u>1,469,021</u>	<u>3,311,959</u>	<u>1,369,740</u>	<u>3,009,992</u>	<u>343,686</u>	<u>1,919,561</u>
<u>\$ 7,984,886</u>	<u>\$ 7,023,940</u>	<u>\$ 4,792,185</u>	<u>\$ 7,970,871</u>	<u>\$ 4,156,849</u>	<u>\$ 6,425,727</u>



## COMMENTS AND RECOMMENDATIONS

# Gronewold, Bell, Kyhnn & Co. P.C.

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## Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Williamsburg, Iowa, as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 6, 2016. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Williamsburg's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Williamsburg's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Williamsburg's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitation, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies: 16-I-A.

To the Honorable Mayor and  
Members of the City Council

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Williamsburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings and Responses.

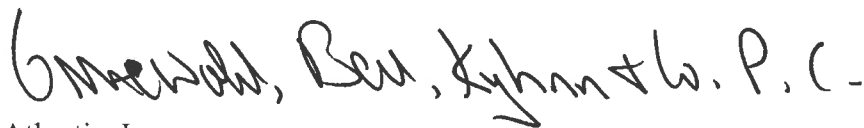
Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **Responses to Findings**

The City of Williamsburg's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Williamsburg's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Atlantic, Iowa  
December 6, 2016

CITY OF WILLIAMSBURG, IOWA

Schedule of Findings and Responses

Year ended June 30, 2016

PART I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

- 16-I-A Segregation of Duties: One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that each of the office personnel has control over several incompatible office and accounting functions.

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response: We will consider this.

Conclusion: Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

- 16-I-B Water Loss: Water usage reports calculated by the utility clerk indicate a fluctuation water loss problem. Review of water usage reports from 2016 reveal that the City lost an average of approximately 2,800,000 gallons of water per month during the last six months of the year.

Recommendation: Since water loss can occur because of leaks and/or unmetered usage, continuing efforts should be made to investigate why the City is experiencing substantial water loss.

Response: We will continue to investigate the water loss.

Conclusion: Response accepted.

CITY OF WILLIAMSBURG, IOWA

Schedule of Findings and Responses

Year ended June 30, 2016

PART II: Other Findings Related to Statutory Reporting

- 16-II-A Certified Budget: Disbursements during the year ended June 30, 2016 exceeded the amounts budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation: The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response: The budget will be amended in the future, if applicable.

Conclusion: Response accepted.

- 16-II-B Questionable Disbursements: No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

- 16-II-C Travel Expense: No expenditures of City money for travel expenses of spouses of City officials and/or employees were noted.

- 16-II-D Business Transactions: Business transactions between the City and City officials and/or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Description</u>	<u>Amount</u>
Martin Bunge, City Council Member Owner of Martin Bunge Photography	Website updates	\$ <u>861</u>

In accordance with Chapter 362.5(3)(d) of the Code of Iowa, the transactions with the City Council Member do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year.

- 16-II-E Bond Coverage: Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- 16-II-F Council Minutes: No transactions were found that we believe should have been approved in the Council minutes but were not.

CITY OF WILLIAMSBURG, IOWA

Schedule of Findings and Responses

Year ended June 30, 2016

PART II: Other Findings Related to Statutory Reporting - Continued

- 16-II-G Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- 16-II-H Revenue Bonds and Notes: No instances of non-compliance with the revenue bond and note resolution were noted.
- 16-II-I Payment of General Obligation Bonds: No instances of non-compliance with payment of general obligation bond provisions of Chapter 384.4 of the Code of Iowa were noted.
- 16-II-J Tax Increment Financing: Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid. Urban Renewal Area TIF Indebtedness was certified to the County Auditor before December 1 and no exceptions were noted.
- 16-II-K Urban Renewal Annual Report: The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

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